

# Medicare Annual Open Enrollment



## Medicare Supplemental Insurance

**Illinois Department on Aging**  
**Senior Health Insurance Program (SHIP)**  
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**LOCAL HELP FOR PEOPLE WITH MEDICARE**

# Medicare Supplement Insurance

- Often called Medigap
  - Private health insurance
  - Supplements Original Medicare
    - Helps pay some health care costs that Original Medicare doesn't cover (coverage “gaps”)

# Medicare Supplement Insurance Cont.

- ❑ Medicare will pay its share of the Medicare-approved amounts for covered health care costs
  - Then your Medigap policy pays its share
- ❑ A Medigap policy covers one person

# Original Medicare Costs in 2016—Part A

Medicare Cost	Amount You Pay
<b>Part A deductible</b>	\$1,288 for each benefit period
<b>Inpatient hospital stay</b>	No coinsurance for days 1–60 \$322 per day for days 61–90 \$644 per day for days 91–150 (60 lifetime reserve days) All costs for days after 150
<b>Skilled nursing facility care</b>	No coinsurance for days 1–20 \$161 per day for days 21–100 All cost for days after 100
<b>Hospice care</b>	5% of the Medicare-approved amount for inpatient respite care (coinsurance). A copayment of up to \$5 per prescription for outpatient prescription drugs for pain and symptom management.

# Original Medicare Costs in 2016—Part B

Medicare Cost	Amount You Pay
<b>Part B deductible</b>	\$166
<b>Coinsurance and copayment for Part B services</b>	20% coinsurance for most covered services, like doctor's services and some preventive services, if provider accepts assignment \$0 for some preventive services 20% coinsurance for outpatient mental health services, and copayments for hospital outpatient services
<b>Part B premium</b>	\$104.90 if you are "held harmless" \$121.80 is the standard premium <ul style="list-style-type: none"><li>Higher for those with higher incomes</li></ul>

# About Medigap Policies

- You must have both Medicare Part A and Part B to get a Medigap policy
- You pay a monthly premium for the Medigap policy
- You pay your Medicare Part B premium

# Medigap Plans

- Standardized plans identified by a letter
  - Plans A, B, C, D, F, G, K, L, M, and N are currently sold
  - Companies don't have to sell all plans
  - Plans E, H, I, and J exist but are no longer sold
  - Plans with the same letter must offer the same basic benefits
    - Only the policy cost will vary between companies

# Medigap Plan Types

## Medicare Supplement Insurance (Medigap) Plans

Benefits	A	B	C	D	F*	G	K	L	M	N
Medicare Part A coinsurance and hospital costs (up to an additional 365 days after Medicare benefits are used)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Medicare Part B coinsurance or copayment	100%	100%	100%	100%	100%	100%	50%	75%	100%	100%***
Blood (first 3 pints)	100%	100%	100%	100%	100%	100%	50%	75%	100%	100%
Part A hospice care coinsurance or copayment	100%	100%	100%	100%	100%	100%	50%	75%	100%	100%
Skilled nursing facility care coinsurance			100%	100%	100%	100%	50%	75%	50%	100%
Part A deductible		100%	100%	100%	100%	100%	50%	75%	100%	100%
Part B deductible			100%		100%					
Part B excess charges					100%	100%				
Foreign travel emergency (up to plan limits)			80%	80%	80%	80%			80%	80%
Out-of-Pocket Limit in 2016**							\$4,960	\$2,480		

\*Plan F is also offered as a high-deductible plan by some insurance companies in some states. If you choose this option, this means you must pay for Medicare-covered costs (coinsurance, copayments, deductibles) up to the deductible amount of \$2,180 in 2016 before your policy pays anything.

\*\*For Plans K and L, after you meet your out-of-pocket yearly limit and your yearly Part B deductible (\$166 in 2016), the Medigap plan pays 100% of covered services for the rest of the calendar year.

\*\*\*Plan N pays 100% of the Part B coinsurance, except for a copayment of up to \$20 for some office visits and up to a \$50 copayment for emergency room visits that don't result in an inpatient admission.



# Medicare SELECT Policies

- A type of Medigap policy with a network
- To get full benefits (except in emergency)
  - Must use specific hospitals, and
  - May have to see specific doctors

# Medicare SELECT Policies Cont.

- Can be any of the standardized policies
- Generally cost less than non-network policies
- Can switch to plan with equal or lesser value at any time

# Medigap Costs

- Cost (monthly premium) depends on
  - Your age (in some states)
  - Where you live (e.g., urban, rural, or ZIP Code)
  - Company selling the policy
  - Discounts (women, non-smokers, married couples)

# Medigap Costs Cont.

- Medical underwriting
  - ❑ Process insurance companies use to decide, based on your medical history, whether to accept your application for insurance, whether to add a waiting period for pre-existing conditions, and how much to charge you

# Medigap Costs Cont.

- Premiums may vary greatly for same Medigap plan
- Medicare SELECT policies generally have lower premiums

# Medigap Pricing Based on Age

Type of Rating	Description
No-age-rated (community-rated)	<ul style="list-style-type: none"><li>▪ Everyone pays same regardless of age if 65 or older</li><li>▪ Generally least expensive over lifetime</li></ul>
Issue-age-rated	<ul style="list-style-type: none"><li>▪ Based on age when purchased</li><li>▪ Doesn't go up automatically as you get older</li></ul>
Attained-age-rated	<ul style="list-style-type: none"><li>▪ Premium based on current age</li><li>▪ Costs less when you're 65</li><li>▪ Cost goes up each year as you get older</li></ul>

Premiums may go up due to inflation and other factors.  
Not all states allow all 3 types of ratings.

# The Best Time to Buy a Medigap Policy

- Your Medigap Open Enrollment Period (OEP)
  - 6 months when insurance company must sell a plan
  - Guaranteed issue period without medical underwriting
  - Your one OEP begins when you're 65 or older, or on Medicare due to disability **and** enrolled in Part B
    - Can't be changed or repeated
    - May be able to buy a Medigap policy any time an insurance company will sell you one

# Open Enrollment for the Disabled Under Age 65

In Illinois, those on Medicare due to disability and under age 65 have the same rights as those 65 and older.

- 6 months to get a policy from any company
- Will pay that company's highest rate
- At age 65, you will get an additional 6 month OEP due to age.



# Guaranteed Issue Plans for the Disabled

In Illinois, only two companies offer guaranteed issue Medigap plans for those on Medicare due to disability and not in the OEP.

- Blue Cross Blue Shield and Health Alliance
- Only during the Annual Open Enrollment period from October 15 – December 7

# Delayed Medigap Open Enrollment Period (OEP)

- If you delay enrolling in Medicare Part B
  - Because you or your spouse is still working, and
  - You have group health coverage
- Medigap OEP is delayed
  - Until you're 65 or older **and** enroll in Part B
  - No late enrollment penalty
- Notify Social Security to delay Part B

# Pre-existing Conditions and Medigap

- Health problem you had before the new insurance policy starts
  - Treated or diagnosed 6 months before coverage start date

# Pre-existing Conditions and Medigap Cont.

- Pre-existing Condition Waiting Period
  - Insurance companies can refuse to cover costs for excluded condition for up to 6 months from policy start date (“look-back period”)
  - Occurs when without 6 months of prior creditable coverage and no break in coverage more than 63 days

The Affordable Care Act doesn't impact the pre-existing condition waiting period for Medigap coverage.

# Why Switch Medigap Policies?

- You might switch policies if you
  - Are paying for benefits you don't need
  - Need more benefits now
  - Want to change your insurance company
  - Find a cheaper policy

# Why Switch Medigap Policies? Cont.

- If not in your Medigap Open Enrollment Period
  - You may pay more for the new policy
  - There might be medical underwriting
  - Could have a delay in coverage for pre-existing condition

# When Can You Switch Medigap Policies?

- A right under federal law to switch only
  - During your Medigap Open Enrollment Period
  - If you have a guaranteed issue right
- Anytime insurance company will sell you one
- When you buy a new Medigap policy
  - You'll have a 30-day “free-look period”
    - May need to pay premiums on both policies while in transition.

# Guaranteed Issue Rights

- Federal protections in certain situations
  - Companies must sell you a Medigap policy
  - All pre-existing conditions must be covered
  - Can't be charged more
  - Must apply within 63 days of date other coverage ends
- See the next two slides for all situations



# Guaranteed Issue Rights

This chart describes the situations, under federal law, that give you a right to buy a policy, the kind of policy you can buy, and when you can or must apply for it. All situations have no pre-existing wait periods.

May 2016

You have a guaranteed issue right if...	You have the right to buy...	You can/must apply for a Medigap policy...
You're in a Medicare Advantage Plan (like an HMO or PPO), and your plan is leaving Medicare or stops giving care in your area, or you move out of the plan's service area.	Medigap Plan A, B, C, F, K, or L that's sold in your state by any insurance company.  You only have this right if you switch to Original Medicare rather than join another Medicare Advantage Plan.	As early as 60 calendar days before the date your health care coverage will end, but no later than 63 calendar days after your health care coverage ends. Medigap coverage can't start until your Medicare Advantage Plan coverage ends.
You have Original Medicare and an employer group health plan (including retiree or COBRA coverage) or union coverage that pays after Medicare pays and that plan is ending.  Note: In this situation, you may have additional rights under state law.	Medigap Plan A, B, C, F, K, or L that's sold in your state by any insurance company.  If you have COBRA coverage, you can either buy a Medigap policy right away or wait until the COBRA coverage ends.	No later than 63 calendar days after the latest of these 3 dates: <ol style="list-style-type: none"><li>1. Date the coverage ends</li><li>2. Date on the notice you get telling you that coverage is ending (if you get one)</li><li>3. Date on a claim denial, if this is the only way you know that your coverage ended</li></ol>
You have Original Medicare and a Medicare SELECT policy. You move out of the Medicare SELECT policy's service area.  Call the Medicare SELECT insurer for more information about your options.	Medigap Plan A, B, C, F, K, or L that's sold by any insurance company in your state or the state you're moving to.	As early as 60 calendar days before the date your Medicare SELECT coverage will end, but no later than 63 calendar days after your Medicare SELECT coverage ends.

# Guaranteed Issue Rights

This chart describes the situations, under federal law, that give you a right to buy a policy, the kind of policy you can buy, and when you can or must apply for it. All situations have no pre-existing wait periods.

You have a guaranteed issue right if...	You have the right to buy...	You can/must apply for a Medigap policy...
<b>(Trial right)</b> You joined a Medicare Advantage Plan (like an HMO or PPO) or Programs of All-inclusive Care for the Elderly (PACE) when you were first eligible for Medicare Part A at 65, and within the first year of joining, you decide you want to switch to Original Medicare.	Any Medigap policy that's sold in your state by any insurance company.	As early as 60 calendar days before the date your coverage will end, but no later than 63 calendar days after your coverage ends.  <b>Note:</b> Your rights may last for an extra 12 months under certain circumstances.
<b>(Trial right)</b> You dropped a Medigap policy to join a Medicare Advantage Plan (or to switch to a Medicare SELECT policy) for the first time, you've been in the plan less than a year, and you want to switch back.	The Medigap policy you had before you joined the Medicare Advantage Plan or Medicare SELECT policy, if the same insurance company you had before still sells it.  If your former Medigap policy <b>isn't</b> available, you can buy Medigap Plan A, B, C, F, K, or L that's sold in your state by any insurance company.	As early as 60 calendar days before the date your coverage will end, but no later than 63 calendar days after your coverage ends.  <b>Note:</b> Your rights may last for an extra 12 months under certain circumstances.
Your Medigap insurance company goes bankrupt and you lose your coverage, or your Medigap policy coverage otherwise ends through no fault of your own.	Medigap Plan A, B, C, F, K, or L that's sold in your state by any insurance company.	No later than 63 calendar days from the date your coverage ends.
You leave a Medicare Advantage Plan or drop a Medigap policy because the company hasn't followed the rules, or it misled you.	Medigap Plan A, B, C, F, K, or L that's sold in your state by any insurance company.	No later than 63 calendar days from the date your coverage ends.

# Guaranteed Renewable Policies

- Medigap policies purchased after 1992 are guaranteed renewable
- Your insurance company can't drop you unless one of the following happens:
  - You stop paying your premium
  - You weren't truthful on the Medigap application
  - The insurance company becomes bankrupt or insolvent

# Right to Suspend Medigap for People With Medicaid

- If you have both Medicare and Medicaid
  - You generally can't buy a Medigap policy
- You can suspend your Medigap policy
  - Within 90 days of getting Medicaid
    - For up to 2 years
- You can start it up again
  - No new medical underwriting or waiting periods

# Right to Suspend Medigap

- If you suspend your Medigap policy
  - You don't pay Medigap premiums
  - The Medigap policy won't pay benefits
- You may not want to suspend your policy
  - To see doctors who don't accept Medicaid
- Call your insurance company or State Health Insurance Program (SHIP) for help

# Right to Suspend Medigap for People Under 65

- Can suspend Medigap policy if under 65
  - While enrolled in your or your spouse's employer group health plan
- Get your Medigap policy back at any time
  - Must notify insurer within 90 days of losing employer plan
  - No waiting period

# Key Points

- You must have both Medicare Part A and Part B to get a Medigap policy
- You pay a monthly premium for Medigap
- You still pay the Medicare Part B premium
- Medigap policies cover one person
- Benefits are standardized in most states

# Key Points

- Costs vary by plan and by company
- In general can only cover costs associated with services covered by Original Medicare
- Medigap policies don't work with Medicare Advantage Plans



# Medigap Resource Guide

Resources		Medicare Products
Centers for Medicare & Medicaid Services (CMS)	State Health Insurance Assistance Programs and State Insurance Departments	“Choosing a Medigap Policy: A Guide to Health Insurance for People With Medicare” CMS Product No. 02110
1-800-MEDICARE	For telephone numbers call CMS.	
(1-800-633-4227)	1-800-MEDICARE (1-800-633-4227)	“Your Medicare Benefits” CMS Product No. 10116
(TTY 1-877-486-2048)	1-877-486-2048 for TTY users	
Beneficiary Information <a href="https://www.medicare.gov">Medicare.gov</a>	<a href="https://www.medicare.gov/contacts">Medicare.gov/contacts</a>	“Medicare Coverage Outside the United States” CMS Product No. 11037
Compare Medigap policies <a href="https://www.medicare.gov/find-a-plan/questions/medigap-home.aspx">Medicare.gov/find-a-plan/questions/medigap-home.aspx</a>	National Association of Insurance Commissioners <a href="https://www.naic.org/">Naic.org/</a>	To access these products:  View and order single copies at <a href="https://www.medicare.gov/publications">Medicare.gov/publications</a> . Order multiple copies (partners only) at <a href="https://productordering.cms.hhs.gov">Productordering.cms.hhs.gov</a> .
Partner Information <a href="https://www.cms.gov/medigap/">CMS.gov/medigap/</a>		
May 2016	Medicare Supplement Insurance (Medigap) Policies	You must register your organization?

# Any Questions?

## Senior Health Insurance Program (SHIP)

800-252-8966

[Aging.SHIP@illinois.gov](mailto:Aging.SHIP@illinois.gov)

## Medicare

1-800 Medicare

1-800-633-4227

